

**Municipal Employees' Retirement System of Louisiana
Baton Rouge, Louisiana
Financial Report
June 30, 2022**

Table of Contents

Independent Auditor’s Report	Page	3
Management’s Discussion and Analysis	Page	6
Financial Statements		
Statements of Fiduciary Net Position	Page	11
Statements of Changes in Fiduciary Net Position	Page	12
Notes to Financial Statements	Page	13
Required Supplementary Information		
Schedules of Changes in Net Pension Liability - Plan A	Page	36
Schedules of Changes in Net Pension Liability - Plan B	Page	37
Schedules of Employers’ Net Pension Liability, Contributions-Employer and Non-Employer Contributing Entities, and Investment Returns – Plan A	Page	38
Schedules of Employers’ Net Pension Liability, Contributions-Employer and Non-Employer Contributing Entities, and Investment Returns – Plan B	Page	39
Schedules of Changes in Total OPEB Liability and Related Ratios	Page	40
Notes to Required Supplementary Information	Page	41
Supplementary Information		
Individual Funds’ Statements of Fiduciary Net Position	Page	44
Individual Funds’ Statements of Changes in Fiduciary Net Position	Page	45
Schedules of Per Diem Paid to Board Members	Page	46
Schedules of Administrative Expenses	Page	47
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	Page	48
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	Page	49
Schedule of Findings and Responses	Page	51
Summary Schedule of Prior Year Audit Findings	Page	52



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Independent Auditor's Report

Ms. Maris LeBlanc, Executive Director,
and the Board of Trustees of
Municipal Employees' Retirement System of Louisiana
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Municipal Employees' Retirement System of Louisiana ("System") as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Municipal Employees' Retirement System of Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Municipal Employees' Retirement System of Louisiana as of June 30, 2022 and 2021, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Municipal Employees' Retirement System of Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipal Employees' Retirement System of Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipal Employees' Retirement System of Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipal Employees' Retirement System of Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As disclosed in Note 3 to the financial statements, the total pension liability for the System was \$1,292,471,340 and \$1,253,886,002 for Plan A and \$288,388,827 and \$277,663,255 for Plan B, respectively, as of June 30, 2022 and 2021. The actuarial valuations were based on various assumptions made by the System's actuary. Because actual experience may differ from the assumptions used in the actuarial valuations, there is a risk that the total pension liability at June 30, 2022 and 2021, could be understated or overstated.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Municipal Employees' Retirement System of Louisiana's basic financial statements. The supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipal Employees' Retirement System of Louisiana's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, LLP.

December 12, 2022

Municipal Employees' Retirement System of Louisiana
Management's Discussion and Analysis
June 30, 2022

The following discussion and analysis of Municipal Employees' Retirement System of Louisiana (System) for the year ended June 30, 2022, highlights relevant aspects of the basic financial statements and provides an analytical overview of the System's financial activities.

Financial Highlights

The System's fiduciary net position restricted for pension benefits exceeded its liabilities at the close of fiscal year 2022 by \$1,077,738,433 which represents a decrease from last year. The net position restricted for pension benefits decreased by \$117,729,637, or 9.85%. The decrease was primarily due to depreciation in fair value of investments.

Contributions to the System by members and employers totaled \$94,196,804, an increase of \$1,293,920, or 1.39%, from the prior year. Contributions from ad valorem taxes and revenue sharing totaled \$10,027,387, an increase of \$66,140, or 0.66%, from the prior year.

Pension benefits paid to retirees and beneficiaries increased by \$4,052,000, or 4.52%, from the prior year. This increase is due to an increase in the number of retirees and their benefit amounts.

Administrative expenses of the System totaled \$2,338,697, an increase of \$182,776, or 8.48%, from the prior year.

Net investment loss of the System totaled \$119,953,296 for fiscal year 2022, compared to net investment income of \$227,297,202 for fiscal year 2021, a decrease of \$347,250,498.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the System's basic financial statements, which are comprised of three components:

1. Statements of fiduciary net position,
2. Statements of changes in fiduciary net position, and
3. Notes to the financial statements.

This report also contains required supplementary information in addition to the basic financial statements themselves.

The statements of fiduciary net position report the System's assets, liabilities, and resultant net position restricted for pension benefits. It discloses the financial position of the System as of June 30, 2022 and 2021.

The statements of changes in fiduciary net position report the results of the System's operations during the two most recent years, disclosing the additions (reductions) to and deductions from the fiduciary net position. It supports the change that has occurred to the prior year's net position value on the statement of fiduciary net position.

**Municipal Employees' Retirement System of Louisiana
Management's Discussion and Analysis
June 30, 2022**

Financial Analysis of the System

The System provides benefits to employees of all incorporated villages, towns, cities, and tax boards or commissions of a municipality or parish within the State of Louisiana which do not have their own retirement system and which elect to become members of the System. Member contributions, employer contributions, ad valorem taxes, revenue sharing funds, and earnings on investments fund these benefits.

Condensed Statements of Fiduciary Net Position

	June 30, <u>2022</u>	June 30, <u>2021</u>	June 30, <u>2020</u>
Assets			
Cash	\$ 27,657,163	\$ 25,746,815	\$ 25,516,962
Receivables	17,359,980	8,683,375	8,583,329
Investments, at fair value	1,031,592,355	1,159,326,215	928,710,463
Property, plant, and equipment, net	<u>2,536,151</u>	<u>2,787,699</u>	<u>2,483,799</u>
Total assets	1,079,145,649	1,196,544,104	965,294,553
Total liabilities	<u>1,407,216</u>	<u>1,076,034</u>	<u>1,044,378</u>
 Net position restricted for pension benefits	 <u>\$ 1,077,738,433</u>	 <u>\$ 1,195,468,070</u>	 <u>\$ 964,250,175</u>

**Condensed Statements of Changes in Fiduciary Net Position
For the Years Ended June 30,**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Additions (Reductions):			
Contributions	\$ 104,224,191	\$ 102,864,131	\$ 95,075,237
Net investment income (loss)	(119,953,296)	227,297,202	26,744,300
Other	<u>3,486,053</u>	<u>1,873,220</u>	<u>1,144,694</u>
Total additions (reductions)	(12,243,052)	332,034,553	122,964,231
Total deductions	<u>105,486,585</u>	<u>100,816,658</u>	<u>94,644,846</u>
 Net increase (decrease)	 <u>\$ (117,729,637)</u>	 <u>\$ 231,217,895</u>	 <u>\$ 28,319,385</u>

**Municipal Employees' Retirement System of Louisiana
Management's Discussion and Analysis
June 30, 2022**

Financial Analysis of the System (Continued)

Additions (Reductions) to Fiduciary Net Position

Additions (Reductions) to the System's fiduciary net position were derived from member and employer contributions, ad valorem taxes, state revenue sharing funds and investment income (loss). Employer contributions increased \$859,598, or 1.21%, primarily due to an increase in salaries. The System experienced net investment loss of \$119,953,296 in 2022 compared to net investment income of \$227,297,202 in 2021, a decrease of \$347,250,498.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	2021 to 2022 Percentage Change
Member contributions	\$ 22,216,618	\$ 21,782,296	\$ 20,948,308	1.99%
Employer contributions	71,980,186	71,120,588	64,561,997	1.21%
Ad valorem and state revenue sharing	10,027,387	9,961,247	9,564,932	0.66%
Net investment income (loss)	(119,953,296)	227,297,202	26,744,300	-152.77%
Transfers from other systems	<u>3,486,053</u>	<u>1,873,220</u>	<u>1,144,694</u>	86.10%
 Total additions (reductions)	 <u>\$ (12,243,052)</u>	 <u>\$ 332,034,553</u>	 <u>\$ 122,964,231</u>	

Deductions from Fiduciary Net Position

Deductions from fiduciary net position include retirement, death, and survivor benefits, DROP withdrawals, refunds, administrative expenses and transfers to other systems. Deductions from fiduciary net position totaled \$105,486,585 in fiscal year 2022.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	2021 to 2022 Percentage Change
Retirement benefits	\$ 93,648,002	\$ 89,596,002	\$ 86,035,950	4.52%
Refunds of contributions	6,662,513	6,304,282	4,574,890	5.68%
Administrative expenses	2,338,697	2,155,921	1,668,759	8.48%
Other post-employment (benefit) expense	(172,501)	34,662	(106,202)	-597.67%
Transfers to other systems	<u>3,009,874</u>	<u>2,725,791</u>	<u>2,471,449</u>	10.42%
 Total deductions	 <u>\$ 105,486,585</u>	 <u>\$ 100,816,658</u>	 <u>\$ 94,644,846</u>	

**Municipal Employees' Retirement System of Louisiana
Management's Discussion and Analysis
June 30, 2022**

Financial Analysis of the System (Continued)

Investments

The System is responsible for the prudent management of funds held in trust for the exclusive benefits of its members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total market value of investments at June 30, 2022 was \$1,031,592,355 compared to \$1,159,326,215 at June 30, 2021, which is a decrease of \$127,733,860. The major contributing factor to this decrease was due to the health of the financial market resulting in the depreciation of fair value of investments.

The System's investments in various asset classes at the end of the 2022, 2021, and 2020 fiscal years are indicated in the following table:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	2021 to 2022 Percentage Change
Cash equivalents	\$ 9,792,700	\$ 12,035,767	\$ 9,366,035	-18.64%
Domestic equities	327,763,550	378,193,770	272,586,946	-13.33%
International equities	222,469,404	275,599,032	199,858,174	-19.28%
Fixed income investments	342,949,710	382,818,433	333,938,798	-10.41%
Hedge fund investments	-	2,103,412	1,651,210	-100.00%
Real estate investments	91,563,928	66,282,120	70,903,895	38.14%
Private debt and equity investments	4,958,820	12,526,637	14,009,502	-60.41%
Self-directed investments	<u>32,094,243</u>	<u>29,767,044</u>	<u>26,395,903</u>	7.82%
 Total investments	 <u>\$ 1,031,592,355</u>	 <u>\$ 1,159,326,215</u>	 <u>\$ 928,710,463</u>	

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Maris LeBlanc, Executive Director, Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809.

Financial Statements

Municipal Employees' Retirement System of Louisiana
Statements of Fiduciary Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 27,657,163	\$ 25,746,815
Receivables:		
Member/employer contributions	8,777,235	8,658,911
Interest and dividends	16,311	17,671
Receivables - investments	8,407,649	-
Other receivables	158,785	6,793
Total receivables	<u>17,359,980</u>	<u>8,683,375</u>
Investments, at fair value:		
Cash equivalents	9,792,700	12,035,767
Domestic equities	327,763,550	378,193,770
International equities	222,469,404	275,599,032
Fixed income investments	342,949,710	382,818,433
Hedge fund investments	-	2,103,412
Real estate investments	91,563,928	66,282,120
Private debt and equity investments	4,958,820	12,526,637
Self-directed investments	32,094,243	29,767,044
Total investments	<u>1,031,592,355</u>	<u>1,159,326,215</u>
Property, plant, and equipment (net of depreciation)	<u>2,536,151</u>	<u>2,787,699</u>
Total assets	<u>1,079,145,649</u>	<u>1,196,544,104</u>
Liabilities		
Accounts payable	171,525	180,805
Benefits payable	35,222	37,987
Refunds payable	633,115	371,526
Investment payable	251,425	-
Other payables	91,482	88,768
Other post-employment benefits obligation	224,447	396,948
Total liabilities	<u>1,407,216</u>	<u>1,076,034</u>
Net Position Restricted for Pension Benefits	<u>\$ 1,077,738,433</u>	<u>\$ 1,195,468,070</u>

The accompanying notes are an integral part of these financial statements.

Municipal Employees' Retirement System of Louisiana
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Additions (Reductions)		
Contributions:		
Members'	\$ 22,216,618	\$ 21,782,296
Employers'	71,980,186	71,120,588
Ad valorem taxes and revenue sharing	<u>10,027,387</u>	<u>9,961,247</u>
Total contributions	<u>104,224,191</u>	<u>102,864,131</u>
Investment income:		
Interest and dividend income	3,367,409	2,217,259
Net appreciation (depreciation) in fair value of investments	<u>(120,992,663)</u>	<u>228,022,229</u>
	(117,625,254)	230,239,488
Less investment expenses	<u>(2,328,042)</u>	<u>(2,942,286)</u>
Net investment income (loss)	<u>(119,953,296)</u>	<u>227,297,202</u>
Other Additions		
Assets transferred from other retirement systems	<u>3,486,053</u>	<u>1,873,220</u>
Net additions (reductions)	<u>(12,243,052)</u>	<u>332,034,553</u>
Deductions		
Benefits	87,656,733	83,953,898
DROP withdrawals	5,991,269	5,642,104
Refund of contributions	6,662,513	6,304,282
Administrative expenses	2,338,697	2,155,921
Other post-employment (benefit) expense	(172,501)	34,662
Assets transferred to other retirement systems	<u>3,009,874</u>	<u>2,725,791</u>
Total deductions	<u>105,486,585</u>	<u>100,816,658</u>
Net Increase (Decrease) in Net Position	(117,729,637)	231,217,895
Net Position Restricted for Pension Benefits		
Beginning of year	<u>1,195,468,070</u>	<u>964,250,175</u>
End of year	<u>\$ 1,077,738,433</u>	<u>\$ 1,195,468,070</u>

The accompanying notes are an integral part of these financial statements.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 1-Plan Description

The Municipal Employees' Retirement System of Louisiana (System) was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, cities, and tax boards or commissions of a municipality or parish within the State which do not have their own retirement system and which elect to become members of the System.

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least six years creditable service and who are elected to office in accordance with the Louisiana Election Code, two of whom shall be active and contributing members of the System with at least six years creditable service and who are not elected officials; one of whom shall be a retired member of the System; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Committee on Retirement; one of whom shall be a member of the House Committee on Retirement appointed by the Speaker of the House; the Commissioner of Administration; and the State Treasurer.

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S.11:1731 of the Louisiana Revised Statutes (LRS).

Act 569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the System, effective on and after June 30, 1970.

Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B." Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

Plan Membership

For the year ended June 30, 2022, there were 88 contributing employers in Plan A and 70 in Plan B. For the year ended June 30, 2021, there were 87 contributing employers in Plan A and 67 in Plan B. At June 30, 2022 and 2021, statewide retirement membership consists of the following:

	2022			2021		
	Plan A	Plan B	Total	Plan A	Plan B	Total
Inactive plan members or beneficiaries receiving benefits	3,732	1,159	4,891	3,673	1,125	4,798
Inactive plan members entitled to but not yet receiving benefits	3,775	1,936	5,711	3,698	1,855	5,553
Active plan members	4,513	1,997	6,510	4,611	1,980	6,591
Total participants as of the valuation date	<u>12,020</u>	<u>5,092</u>	<u>17,112</u>	<u>11,982</u>	<u>4,960</u>	<u>16,942</u>

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 1-Plan Description (Continued)

Plan eligibility and benefits are as follows:

A. Eligibility Requirements

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and a parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

B. Retirement Benefits

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with twenty (20) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See Plan Booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following criteria:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan Booklet for further details.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 1-Plan Description (Continued)

B. Retirement Benefits (Continued)

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following criteria:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

C. Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Upon the death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 1-Plan Description (Continued)

D. DROP Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the Board of Trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

E. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final compensation or three percent of his final compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final compensation or two percent of his final compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to two percent of the member's final compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

F. Cost of Living Increases

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 1-Plan Description (Continued)

G. Deferred Benefits

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Note 2-Summary of Significant Accounting and Financial Reporting Policies

A. Basis of Accounting and Presentation

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

The System has no component units as defined under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* (GASB 61).

B. Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales prices at current exchange rates. Fair value of mutual funds not traded on a national or international exchange is calculated using the net asset value reported by the mutual funds. Fair value of investments in limited partnerships (which include private equities and hedge funds) is calculated at the System's percentage of ownership of the partner's capital reported by the partnership. Fair value of real estate investment trusts is calculated based on the System's share of income and expenses as reported by the trust. Investments that do not have an established market value are reported at estimated fair value using valuation techniques such as present value of estimated future cash flows, matrix pricing, and fundamental analysis.

C. Property, Plant and Equipment

Property, plant and equipment are recorded at cost, and depreciated over their estimated useful lives. Depreciation is computed using the straight-line method and is allocated between the two Plans based on each Plan's member earnings.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date and the reported amounts of additions to and deductions from plan net position during the reporting period. Actual results could differ from those estimates.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 2-Summary of Significant Accounting and Financial Reporting Policies (Continued)

D. Use of Estimates (Continued)

The System utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

Note 3-Contributions, Funding Status and Reserves

A. Contributions

Contributions for all members are established by statute. For the years ended June 30, 2022 and 2021, member contributions were at 10.00% of earnable compensation for Plan A and 5.00% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating employer.

According to state statute, contributions for all employers are actuarially determined each year. For the years ended June 30, 2022 and 2021, the employer contributions were at 29.50% of earnable compensation for Plan A and 15.50% of earnable compensation for Plan B.

According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the System and the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

Administrative costs of the System are financed through employer contributions.

B. Reserves

Use of the term "reserve" by the System indicates that a portion of the fund balances is legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

Annuity Savings

The Annuity Savings is credited with contributions made by members of the System. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Annuity Reserve. When a member retires, the amount of his accumulated contributions is transferred to Annuity Reserve to provide part of the benefits.

Pension Accumulation Reserve (Deficit)

The Pension Accumulation Reserve (Deficit) consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve (deficit) account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 3-Contributions, Funding Status and Reserves (Continued)

B. Reserves (Continued)

Annuity Reserve

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account.

Deferred Retirement Option Account

The Deferred Retirement Option Account consists of the reserves for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years and upon termination may receive his benefits in a lump sum payment or by a true annuity.

Funding Deposit Account

The Funding Deposit Account consists of excess contributions collected by the System. The excess funds earn interest at the Board-approved actuarial valuation rate and are credited to the fund at least once a year. These funds are due to the System freezing the employer rate at a higher rate than actuarially required. The excess funds can be used for the following purposes: (1) reduce the unfunded accrued liability, (2) reduce the present value of future normal costs, (3) pay all or a portion of any future net direct employer contributions, and/or (4) to provide for cost-of-living increases. The Funding Deposit Account was established as of January 1, 2009.

The balances of the reserve funds at June 30, 2022 and 2021 are as follows:

	2022		2021	
	Plan A	Plan B	Plan A	Plan B
Annuity Savings	\$ 126,831,163	\$ 28,919,048	\$ 125,243,923	\$ 28,618,465
Pension Accumulation Reserve (Deficit)	(41,426,147)	23,898,420	93,026,669	53,942,486
Annuity Reserve	748,743,913	137,550,415	712,997,168	126,979,571
Deferred Retirement Option Account	34,996,989	8,661,857	33,772,020	8,322,185
Funding Deposit Account	8,002,037	1,560,738	10,695,893	1,869,690
 Total reserve funds	 <u>\$ 877,147,955</u>	 <u>\$ 200,590,478</u>	 <u>\$ 975,735,673</u>	 <u>\$ 219,732,397</u>

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Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 3-Contributions, Funding Status and Reserves (Continued)

C. Funding Status

The components of the net pension liability of the System's employers for Plan A and Plan B, determined in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, as of June 30, 2022 and 2021 are as follows:

	Plan A	
	June 30, 2022	June 30, 2021
Total pension liability	\$ 1,292,471,340	\$ 1,253,886,002
Plan fiduciary net position	877,147,955	975,735,673
Employers' net pension liability	\$ 415,323,385	\$ 278,150,329
Plan fiduciary net position as a % of the total pension liability	67.87%	77.82%
	Plan B	
	June 30, 2022	June 30, 2021
Total pension liability	\$ 288,388,827	\$ 277,663,255
Plan fiduciary net position	200,590,478	219,732,397
Employers' net pension liability	\$ 87,798,349	\$ 57,930,858
Plan fiduciary net position as a % of the total pension liability	69.56%	79.14%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of an actuarial experience study for the period from July 1, 2013 through June 30, 2018. The required Schedules of Employers' Net Pension Liability located in required supplementary information following the Notes to the Financial Statements presents multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The total pension liability as of June 30, 2022 and 2021 is based on actuarial valuations for the same period, updated using generally accepted actuarial principles.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 3-Contributions, Funding Status and Reserves (Continued)

C. Funding Status (Continued)

Information on the actuarial valuation and assumptions is as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Valuation date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal
Expected remaining service lives	3 years	3 years
Investment rate of return	6.85%, net of pension plan investment expense, including inflation	6.85%, net of pension plan investment expense, including inflation
Inflation rate	2.50%	2.50%
Salary increases, including inflation and merit increases:		
-1 to 4 years of service	6.4%-Plan A and 7.4%-Plan B	6.4%-Plan A and 7.4%-Plan B
-More than 4 years of service	4.5%-Plan A and 4.9%-Plan B	4.5%-Plan A and 4.9%-Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using their respective male and female MP2018 scales.	PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 3-Contributions, Funding Status and Reserves (Continued)

C. Funding Status (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 and 2021 are summarized in the following table:

<u>Asset Class</u>	<u>2022</u>		<u>2021</u>	
	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.31%	53%	2.31%
Public fixed income	38%	1.65%	38%	1.65%
Alternatives	<u>9%</u>	<u>0.39%</u>	<u>9%</u>	<u>0.39%</u>
Totals	<u>100%</u>	4.35%	<u>100%</u>	4.35%
Inflation		<u>2.50%</u>		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>6.85%</u>		<u>6.95%</u>

The discount rate used to measure the total pension liability was 6.85% for the years ended June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 3-Contributions, Funding Status and Reserves (Continued)

C. Funding Status (Continued)

In accordance with GASB Statement No. 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the participating employers calculated as of June 30, 2022 and 2021, using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%), or one percentage point higher (7.85%), than the current rate.

	Changes in Discount Rate		
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
<u>2022 Employer Net Pension Liability</u>			
Plan A	\$ 552,461,130	\$ 415,323,385	\$ 299,446,282
Plan B	\$ 119,685,823	\$ 87,798,349	\$ 60,829,104
<u>2021 Employer Net Pension Liability</u>			
Plan A	\$ 411,954,829	\$ 278,150,329	\$ 165,133,877
Plan B	\$ 88,877,974	\$ 57,930,858	\$ 31,755,392

Note 4-Deposits, Cash Equivalents and Investments

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	\$ 27,657,163	\$ 25,746,815
Cash equivalents	9,792,700	12,035,767
Investments	<u>1,021,799,655</u>	<u>1,147,290,448</u>
Total	<u>\$ 1,059,249,518</u>	<u>\$ 1,185,073,030</u>

A. Deposits

The System's bank deposits were fully covered by federal depository insurance and pledged securities. The pledged securities are held in joint custody with the System's bank.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 4-Deposits, Cash Equivalents and Investments (Continued)

B. Cash Equivalents

As of June 30, 2022 and 2021, cash equivalents in the amount of \$9,792,700 and \$12,035,767, respectively, consist of government-backed pooled funds which are held by a sub-custodian, managed by a separate money manager, and are in the name of the System's custodian's trust department. As of June 30, 2022 and 2021, these cash equivalents were unrated.

C. Investments

Statutes authorize the System to invest under the Prudent-Man Rule. The Prudent-Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

D. Fair Value Measurements

The System categorizes fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurements and Application*. The valuation technique uses a three-level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These qualifications are summarized as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment. In determining the appropriate levels, the System performed a detailed analysis of the assets and liabilities that are subject to GASB Statement No. 72.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 4-Deposits, Cash Equivalents and Investments (Continued)

D. Fair Value Measurements (Continued)

The following table sets forth, by level, the investments reported at fair value as of June 30, 2022:

Investments by Fair Value Level	2022	Fair Value Measurements		
	Total	Level 1	Level 2	Level 3
Debt Securities				
Mutual funds	\$ 373,596,887	\$ -	\$ 373,596,887	\$ -
Total debt securities	<u>373,596,887</u>	<u>-</u>	<u>373,596,887</u>	<u>-</u>
Equity Securities				
Domestic stock	63,929,583	63,929,583	-	-
Domestic equity	265,226,264	-	265,226,264	-
Foreign equity	222,493,445	-	222,493,445	-
Total equity securities	<u>551,649,292</u>	<u>63,929,583</u>	<u>487,719,709</u>	<u>-</u>
Cash equivalents	<u>9,792,700</u>	<u>-</u>	<u>9,792,700</u>	<u>-</u>
Total investments at fair value level	<u>935,038,879</u>	<u>\$ 63,929,583</u>	<u>\$ 871,109,296</u>	<u>\$ -</u>
Investments measured at Net Asset Value (NAV)				
Private debt	4,958,820			
Real estate	91,594,656			
Total investments at NAV	<u>96,553,476</u>			
Total Investments at Fair Value	<u>\$ 1,031,592,355</u>			

The unfunded commitments and redemption terms, if applicable, for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2022, are presented in the following table:

Investment Type	2022 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private debt:				
Blue Bay Direct Lending Fund II	\$ 4,958,820	\$ 11,598,927	N/A	N/A
Real estate:				
TA Realty Core Property Fund, LP	91,563,928	-	Quarterly	45 Days
Great-West Real Estate Index Fund	30,728	-	N/A	N/A
Total real estate	<u>91,594,656</u>			
Total Investments at NAV	<u>\$ 96,553,476</u>			

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 4-Deposits, Cash Equivalents and Investments (Continued)

D. Fair Value Measurements (Continued)

The following table sets forth, by level, the investments reported at fair value as of June 30, 2021:

Investments by Fair Value Level	2021	Fair Value Measurements		
	Total	Level 1	Level 2	Level 3
Debt Securities				
Mutual funds	\$ 410,564,534	\$ -	\$ 410,564,534	\$ -
Total debt securities	<u>410,564,534</u>	<u>-</u>	<u>410,564,534</u>	<u>-</u>
Equity Securities				
Domestic stock	79,297,033	79,297,033	-	-
Domestic equity	300,830,965	-	300,830,965	-
Foreign equity	275,649,217	-	275,649,217	-
Total equity securities	<u>655,777,215</u>	<u>79,297,033</u>	<u>576,480,182</u>	<u>-</u>
Cash equivalents	<u>12,035,767</u>	<u>-</u>	<u>12,035,767</u>	<u>-</u>
Total investments at fair value level	<u>1,078,377,516</u>	<u>\$ 79,297,033</u>	<u>\$ 999,080,483</u>	<u>\$ -</u>
Investments measured at Net Asset Value (NAV)				
Hedge funds	2,103,412			
Private debt	12,126,637			
Private equity	400,000			
Real estate	66,318,650			
Total investments at NAV	<u>80,948,699</u>			
Total Investments at Fair Value	<u>\$ 1,159,326,215</u>			

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Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 4-Deposits, Cash Equivalents and Investments (Continued)

D. Fair Value Measurements (Continued)

The unfunded commitments and redemption terms, if applicable, for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2021, are presented in the following table:

<u>Investment Type</u>	<u>2021 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge funds:				
Golden Tree Offshore Fund, LTD	\$ 2,103,412	\$ -	N/A	N/A
Private debt:				
Blue Bay Direct Lending Fund II	12,126,637	11,840,399	N/A	N/A
Private equity:				
Louisiana Fund II	400,000	-	N/A	N/A
Real estate:				
TA Realty Core Property Fund, LP	57,919,320	-	Quarterly	45 Days
Gainesville Vision, LLC	8,362,800	-	N/A	N/A
Great-West Real Estate Index Fund	36,530	-	N/A	N/A
Total real estate	<u>66,318,650</u>			
Total Investments at NAV	<u>\$ 80,948,699</u>			

E. Valuation Techniques

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix and market-corroborated pricing and inputs such as yield curves and indices. Matrix pricing relies on the securities' relationship to other benchmark quoted securities.

F. Hedge Funds

This type includes partnerships that invest directly in publicly traded equities, equity futures, options, currencies, derivatives, commodities, fixed income instruments and index futures. The fair values of the investments in this type have been determined using the NAV per share of the System's ownership interest in partners' capital. These funds can typically be liquidated within one year (except for any side pocket assets).

G. Private Debt

This type includes private equity funds that invest in senior debt, second lien, mezzanine or structured credit. Investments are made in the United States and Europe. The fair values of the investments in this type have been determined using the NAV per share of the System's ownership interest in partners' capital or other means. These are illiquid investments with a typical length of investment, or holding period, of 10-15 years.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 4-Deposits, Cash Equivalents and Investments (Continued)

H. Private Equity

This type includes private equity funds that invest diversely across private equity sub-categories including venture capital, growth equity, private credit, buyout and special situations. The fair values of the investments in this type have been determined using the NAV per share of the System's ownership interest in partners' capital or other means. These are illiquid investments with a typical length of investment, or holding period, of 10-15 years.

I. Real Estate

This type includes real estate funds and direct ownership of real estate that invest primarily in major property types including office, residential, retail, industrial, hotel, and self-storage properties. The fair values of the investments in real estate funds have been determined using the NAV per share of the System's ownership interest in partners' capital while the fair value of the direct ownership in real estate is determined using independent appraisals or other means. These are illiquid investments with a length of investment often over 10 years. Returns are generated by capital appreciation and income from lease agreements.

This type also includes partnerships that invest in a diversified group of energy, infrastructure, natural resources, and hard asset funds in the United States. The fair values of the investments in this type have been determined using the NAV per share of the System's ownership interest in partners' capital or other means. This is an illiquid investment with a length of investment often over 10 years.

J. Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer or market exposure. As stipulated in Louisiana RS 11:263, no more than 65% of the total portfolio shall be invested in equities. Should equities comprise more than 55% of the System's assets, at least 10% of the total must be invested passively. The System's investment policy specifies that 40% to 66% of the investment portfolio can be invested in public equities, 19% to 55% of the investment portfolio can be invested in public fixed income, and 0% to 16% of the investment portfolio can be invested in alternatives.

As of June 30, 2022 and 2021, the components of the System's investment portfolio fell within the allowable ranges.

K. Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System has no formal investment policy regarding credit risk.

At June 30, 2022, the System was invested in four fixed income mutual funds in the amount of \$342,949,710. The weighted average credit rating of holdings in the funds at June 30, 2022 are as follows: Brandywine Global Opportunistic Fixed Income Fund in the amount of \$42,878,314, has a credit rating ranging from AAA to CCC or lower with the majority of holdings rated from AAA to BBB; Loomis Sayles in the amount of \$52,195,785, has a credit rating ranging from AAA to CAA or lower with the majority of holdings rated from Aaa to Baa; Northern Trust Collective Aggregate Bond Index Fund in the amount of \$171,771,169, has a credit rating ranging from AAA to BBB; and Northern Trust Treasury Inflation-Protected Securities (TIPS) Index Fund in the amount of \$76,104,442 has a credit rating of AAA.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 4-Deposits, Cash Equivalents and Investments (Continued)

K. Credit Risk (Continued)

At June 30, 2021, the System was invested in four fixed income mutual funds in the amount of \$382,818,433. The weighted average credit rating of holdings in the funds at June 30, 2021 are as follows: Brandywine Global Opportunistic Fixed Income Fund in the amount of \$52,013,880, has a credit rating ranging from AAA to CCC or lower with the majority of holdings rated from AAA to BBB; Loomis Sayles in the amount of \$59,057,290, has a credit rating ranging from AAA to CAA or lower with the majority of holdings rated from Aaa to Baa; Northern Trust Collective Aggregate Bond Index Fund in the amount of \$191,520,033, has a credit rating ranging from AAA to BBB; and Northern Trust TIPS Index Fund in the amount of \$80,227,230 has a credit rating of AAA.

L. Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The System has no formal investment policy regarding custodial credit risk. At June 30, 2022, the System was not exposed to custodial credit risk.

M. Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2022 and 2021, the System had no investments in long-term debt securities. The System has no formal investment policy regarding interest rate risk.

N. Foreign Currency Risk

The System does not have any foreign currency risk due to all investments being denominated in U.S. dollars. The System has no formal investment policy regarding foreign currency risk.

O. Money-Weighted Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -11.6% for Plan A and -10.8% for Plan B. For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 25.5% for Plan A and 26.8% for Plan B. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

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Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 5-Property, Plant, and Equipment

Changes in property, plant, and equipment as of June 30, 2022, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 337,233	\$ -	\$ -	\$ 337,233
Software in progress	<u>144,999</u>	<u>6,980</u>	<u>(144,999)</u>	<u>6,980</u>
Total capital assets not being depreciated	<u>482,232</u>	<u>6,980</u>	<u>(144,999)</u>	<u>344,213</u>
Capital assets being depreciated:				
Building	2,135,536	13,950	-	2,149,486
Furnishings and equipment	<u>1,508,318</u>	<u>198,134</u>	<u>-</u>	<u>1,706,452</u>
Total capital assets being depreciated	3,643,854	212,084	-	3,855,938
Less accumulated depreciation	<u>(1,338,387)</u>	<u>(325,613)</u>	<u>-</u>	<u>(1,664,000)</u>
Capital assets being depreciated, net	<u>2,305,467</u>	<u>(113,529)</u>	<u>-</u>	<u>2,191,938</u>
Property, plant, and equipment, net	<u>\$ 2,787,699</u>	<u>\$ (106,549)</u>	<u>\$ (144,999)</u>	<u>\$ 2,536,151</u>

Changes in property, plant, and equipment as of June 30, 2021, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 337,233	\$ -	\$ -	\$ 337,233
Software in progress	<u>706,493</u>	<u>552,926</u>	<u>(1,114,420)</u>	<u>144,999</u>
Total capital assets not being depreciated	<u>1,043,726</u>	<u>552,926</u>	<u>(1,114,420)</u>	<u>482,232</u>
Capital assets being depreciated:				
Building	2,135,536	-	-	2,135,536
Furnishings and equipment	<u>382,149</u>	<u>1,126,169</u>	<u>-</u>	<u>1,508,318</u>
Total capital assets being depreciated	2,517,685	1,126,169	-	3,643,854
Less accumulated depreciation	<u>(1,077,612)</u>	<u>(260,775)</u>	<u>-</u>	<u>(1,338,387)</u>
Capital assets being depreciated, net	<u>1,440,073</u>	<u>865,394</u>	<u>-</u>	<u>2,305,467</u>
Property, plant, and equipment, net	<u>\$ 2,483,799</u>	<u>\$ 1,418,320</u>	<u>\$ (1,114,420)</u>	<u>\$ 2,787,699</u>

The cost of property, plant, and equipment is being depreciated over its useful life using the straight-line method. Depreciation expense for the years ended June 30, 2022 and 2021 was \$325,613 and \$260,775, respectively, and is included in administrative expenses on the statements of changes in fiduciary net position.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 6-Tax Qualifications

The System is a tax qualified plan under IRS Code Section 401(a).

Note 7-Vacation and Sick Leave

Employees of the System accumulate unlimited amounts of vacation and sick leave. Upon resignation or retirement, unused vacation leave up to 300 hours is payable to employees at the employees' rate of pay as of termination or retirement. Upon retirement, unused vacation leave in excess of 300 hours and unused sick leave are credited as earned service in computing retirement benefits. The liability for accumulated vacation leave of up to 300 hours, payable at June 30, 2022 and 2021 was \$79,692 and \$80,224, respectively, which is included in other payables on the statements of fiduciary net position.

Note 8-Other Post-employment Benefit Plan (OPEB)

Substantially all employees become eligible for post-employment health care if they reach normal retirement age while working for the System. These benefits for retirees and similar benefits for active employees are provided through a self-insured/self-funded plan.

Plan Description

The System's OPEB plan is a single-employer defined benefit plan. The OPEB plan does not issue a stand-alone financial report. All full-time employees of the System may participate in the employees' group health, dental, and vision insurance programs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Benefits Provided

Employees of the System become eligible for post-employment health, dental, and vision benefits if they reach normal retirement age while working for the System. The benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the System.

Employees Covered by Benefit Terms

At June 30, 2022 and 2021, the following employees were covered by the benefit terms:

	<u>2022</u>	<u>2021</u>
Retired employees	2	3
Active employees	8	8
	<u>10</u>	<u>11</u>

Funding Policy

The OPEB plan is currently financed on a pay-as-you-go basis. The System pays 50% of the insurance premiums. During the years ended June 30, 2022 and 2021, the System paid \$7,837 and \$7,683, respectively, for insurance premiums.

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 8-Other Post-employment Benefit Plan (OPEB) (Continued)

Total OPEB Liability and OPEB (Benefit) Expense

The System's total OPEB liability of \$224,447 and \$396,948 was measured and determined by an actuarial valuation as of June 30, 2022 and 2021, respectively.

The System recognized OPEB expense (benefit) in the amount of (\$172,501) and \$34,662 for the years ended June 30, 2022 and 2021, respectively.

Changes in the Total OPEB Liability

The following table shows the System's changes in total OPEB obligation for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Total OPEB liability, beginning of year	\$ 396,948	\$ 362,286
Adjustments to the OPEB liability:		
Service cost	17,047	15,873
Interest	9,022	8,984
Effect of economic/demographic (gains) losses	(194,233)	7,950
Effect of assumptions changes or inputs	3,500	9,538
	(164,664)	42,345
Benefit payments	(7,837)	(7,683)
	<u>\$ 224,447</u>	<u>\$ 396,948</u>

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

Since the System has fewer than 100 plan members, it qualifies to use the Alternative Measurement Method (AMM), which is the calculation of the actuarial accrued liability and annual contribution without a traditional actuarial valuation. The AMM calculation process is similar to an actuarial valuation but with simplifications of several assumptions permitted under GASB guidelines.

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Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 8-Other Post-employment Benefit Plan (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

A summary of the actuarial methods and assumptions used in determining the total OPEB liability as of June 30, 2022 and 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	20	20
Bond Yield	2.95%	2.20%
Discount Rate	2.95% (based on the Bond Buyer's 20-year bond general obligation index as of June 30, 2022)	2.20% (based on the Bond Buyer's 20-year bond general obligation index as of June 30, 2021)
Projected Salary Increases	4.00%	2.00%
Average Retirement Age	60	60
Percentage Participation	100%	100%
NOL and ADC	Calculated using the Alternative Measurement Method in accordance with GASB methodology	Calculated using the Alternative Measurement Method in accordance with GASB methodology
Mortality	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years
Turnover Assumption	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System
Healthcare Cost Trend Rates:		
Medical	4.70%	4.70%
Pharmacy	5.20%	4.70%
Dental	3.50%	3.00%
Vision	3.00%	3.00%

Municipal Employees' Retirement System of Louisiana
Notes to Financial Statements
June 30, 2022

Note 8-Other Post-employment Benefit Plan (OPEB) (Continued)

Sensitivity of Total OPEB Liability to Changes in the Discount Rate and the Healthcare Cost Trend Rates

The following presents the System's total OPEB liability as of June 30, 2022 and 2021, using the discount rates of 2.95% and 2.20%, respectively, as well as what the System's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Changes in Discount Rate					
	2022			2021		
	1% Decrease (1.95%)	Discount Rate (2.95%)	1% Increase (3.95%)	1% Decrease (1.20%)	Discount Rate (2.20%)	1% Increase (3.20%)
Total OPEB liability	<u>\$ 261,066</u>	<u>\$ 224,447</u>	<u>\$ 194,689</u>	<u>\$ 450,069</u>	<u>\$ 396,948</u>	<u>\$ 352,428</u>

The following presents the System's total OPEB liability as of June 30, 2022 and 2021 using the healthcare cost trend rates as well as what the System's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	Changes in Healthcare Cost Trend Rates					
	2022			2021		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$ 194,004</u>	<u>\$ 224,447</u>	<u>\$ 261,381</u>	<u>\$ 344,212</u>	<u>\$ 396,948</u>	<u>\$ 461,329</u>

Note 9-Pronouncement Effective for the 2022 Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. In May 2020, the GASB issued Statement No. 95 which changed the effective date for Statement No. 87 to fiscal years beginning after June 15, 2021. The objective of the Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The study of the System's leases proved to be immaterial; therefore, the implementation of this standard did not require any changes to the System's financial reporting.

Note 10-Subsequent Events

The System evaluated all subsequent events through December 12, 2022, the date the financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Required Supplementary Information

Municipal Employees' Retirement System of Louisiana
Schedules of Changes in Net Pension Liability – Plan A
***For the Nine Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:									
Service cost	\$ 25,429,687	\$ 25,331,481	\$ 24,390,115	\$ 25,731,574	\$ 25,281,175	\$ 24,275,565	\$ 23,781,922	\$ 23,096,097	\$ 23,140,535
Interest	84,830,789	83,685,327	81,855,536	82,709,709	81,802,697	80,406,612	78,661,214	75,893,993	74,566,028
Changes of benefit terms	10,787,108	-	-	-	-	-	-	-	-
Differences between expected and actual experience	735,731	(4,771,059)	300,705	(7,352,601)	(15,881,370)	(12,403,109)	(13,416,767)	(12,035,176)	(20,239,083)
Changes of assumptions	-	12,070,626	6,352,896	9,114,476	13,450,805	10,492,664	-	44,760,830	-
Benefit payments	(78,574,078)	(75,118,801)	(72,465,689)	(71,299,748)	(67,316,775)	(65,477,729)	(62,293,294)	(58,350,147)	(55,232,429)
Refunds of member contributions	(5,591,630)	(5,121,224)	(3,652,378)	(4,584,449)	(4,508,706)	(3,455,854)	(3,691,857)	(3,607,850)	(3,894,171)
Other	967,731	(807,317)	(1,090,051)	312,893	66,054	(185,316)	2,506,020	(274,719)	712,070
Net change in total pension liability	<u>38,585,338</u>	<u>35,269,033</u>	<u>35,691,134</u>	<u>34,631,854</u>	<u>32,893,880</u>	<u>33,652,833</u>	<u>25,547,238</u>	<u>69,483,028</u>	<u>19,052,950</u>
Total pension liability - beginning	<u>1,253,886,002</u>	<u>1,218,616,969</u>	<u>1,182,925,835</u>	<u>1,148,293,981</u>	<u>1,115,400,101</u>	<u>1,081,747,268</u>	<u>1,056,200,030</u>	<u>986,717,002</u>	<u>967,664,052</u>
Total pension liability - ending (a)	<u>\$1,292,471,340</u>	<u>\$1,253,886,002</u>	<u>\$1,218,616,969</u>	<u>\$1,182,925,835</u>	<u>\$1,148,293,981</u>	<u>\$1,115,400,101</u>	<u>\$1,081,747,268</u>	<u>\$1,056,200,030</u>	<u>\$986,717,002</u>
Plan Fiduciary Net Position:									
Contributions - member	\$ 18,397,014	\$ 18,119,021	\$ 17,250,443	\$ 16,783,858	\$ 16,406,019	\$ 16,336,439	\$ 16,147,447	\$ 15,293,103	\$ 14,768,535
Contributions - employer	59,490,126	59,130,738	53,587,883	48,946,089	45,386,253	41,480,630	35,737,280	34,062,068	31,501,412
Contributions - nonemployer contributing entities	7,121,442	7,461,963	6,784,028	6,417,100	6,237,749	6,155,079	6,059,222	5,937,609	5,741,515
Net investment income (loss)	(98,859,893)	187,358,760	21,910,415	35,840,752	42,327,639	31,251,320	(20,424,673)	(22,780,531)	80,430,073
Benefit payments	(78,574,078)	(75,118,801)	(72,465,689)	(71,299,748)	(67,316,775)	(65,477,729)	(62,293,294)	(58,350,147)	(55,232,429)
Refunds of member contributions	(5,591,630)	(5,121,224)	(3,652,378)	(4,584,449)	(4,508,706)	(3,455,854)	(3,691,857)	(3,607,850)	(3,894,171)
Administrative expenses	(1,538,430)	(1,563,545)	(1,108,259)	(1,583,003)	(1,429,978)	(922,840)	(1,148,300)	(1,367,711)	(1,677,654)
Other	967,731	(807,317)	(1,090,051)	312,893	66,054	(185,317)	2,506,020	(274,719)	712,070
Net change in plan fiduciary net position	<u>(98,587,718)</u>	<u>189,459,595</u>	<u>21,216,392</u>	<u>30,833,492</u>	<u>37,168,255</u>	<u>25,181,728</u>	<u>(27,108,155)</u>	<u>(31,088,178)</u>	<u>72,349,351</u>
Total fiduciary net position - beginning	<u>975,735,673</u>	<u>786,276,078</u>	<u>765,059,686</u>	<u>734,226,194</u>	<u>697,057,939</u>	<u>671,876,210</u>	<u>698,984,365</u>	<u>730,072,543</u>	<u>657,723,192</u>
Total fiduciary net position - ending (b)	<u>\$ 877,147,955</u>	<u>\$ 975,735,673</u>	<u>\$ 786,276,078</u>	<u>\$ 765,059,686</u>	<u>\$ 734,226,194</u>	<u>\$ 697,057,938</u>	<u>\$ 671,876,210</u>	<u>\$ 698,984,365</u>	<u>\$ 730,072,543</u>
Net pension liability - ending (a) - (b)	<u>\$ 415,323,385</u>	<u>\$ 278,150,329</u>	<u>\$ 432,340,891</u>	<u>\$ 417,866,149</u>	<u>\$ 414,067,787</u>	<u>\$ 418,342,163</u>	<u>\$ 409,871,058</u>	<u>\$ 357,215,665</u>	<u>\$ 256,644,459</u>
Plan fiduciary net position as a percentage of the total pension liability	67.87%	77.82%	64.52%	64.68%	63.94%	62.49%	62.11%	66.18%	73.99%
Covered payroll	\$ 201,661,444	\$ 200,443,180	\$ 193,109,488	\$ 188,254,188	\$ 183,378,800	\$ 182,332,440	\$ 180,948,253	\$ 172,466,167	\$ 168,007,531
Net pension liability as a percentage of covered payroll	205.95%	138.77%	223.88%	221.97%	225.80%	229.44%	226.51%	207.12%	152.76%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Municipal Employees' Retirement System of Louisiana
Schedules of Changes in Net Pension Liability – Plan B
***For the Nine Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:									
Service cost	\$ 6,620,222	\$ 6,552,359	\$ 6,356,532	\$ 6,469,146	\$ 6,249,751	\$ 6,045,761	\$ 5,950,157	\$ 5,703,335	\$ 5,558,785
Interest	18,913,060	18,586,261	18,022,815	17,839,818	17,505,988	16,949,121	16,215,425	15,681,899	15,153,572
Changes of benefit terms	1,912,832	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(84,183)	(3,183,157)	(805,689)	(2,963,047)	(4,292,673)	(1,895,698)	906,476	(1,826,199)	(1,138,351)
Changes of assumptions	-	2,816,587	1,400,098	5,625,363	3,003,359	2,325,900	-	8,261,069	-
Benefit payments	(15,073,924)	(14,477,201)	(13,570,261)	(13,132,769)	(12,170,889)	(11,786,964)	(10,863,578)	(13,185,825)	(9,846,376)
Refunds of member contributions	(1,070,883)	(1,183,058)	(922,512)	(1,172,865)	(1,117,113)	(1,008,206)	(1,023,784)	(1,113,933)	(864,399)
Other	(491,552)	(45,254)	(236,704)	(181,188)	(301,679)	268,893	(2,325,973)	104,328	(944,055)
Net change in total pension liability	<u>10,725,572</u>	<u>9,066,537</u>	<u>10,244,279</u>	<u>12,484,458</u>	<u>8,876,744</u>	<u>10,898,807</u>	<u>8,858,723</u>	<u>13,624,674</u>	<u>7,919,176</u>
Total pension liability - beginning	<u>277,663,255</u>	<u>268,596,718</u>	<u>258,352,439</u>	<u>245,867,981</u>	<u>236,991,237</u>	<u>226,092,430</u>	<u>217,233,707</u>	<u>203,609,033</u>	<u>195,689,857</u>
Total pension liability - ending (a)	<u>\$ 288,388,827</u>	<u>\$ 277,663,255</u>	<u>\$ 268,596,718</u>	<u>\$ 258,352,439</u>	<u>\$ 245,867,981</u>	<u>\$ 236,991,237</u>	<u>\$ 226,092,430</u>	<u>\$ 217,233,707</u>	<u>\$ 203,609,033</u>
Plan Fiduciary Net Position:									
Contributions - member	\$ 3,819,604	\$ 3,663,275	\$ 3,697,865	\$ 3,629,182	\$ 3,528,368	\$ 3,507,946	\$ 3,501,178	\$ 3,296,735	\$ 3,223,747
Contributions - employer	12,490,060	11,989,850	10,974,114	10,699,641	9,877,010	8,187,348	6,979,682	6,589,957	5,950,944
Contributions - nonemployer contributing entities	2,905,945	2,499,284	2,780,904	2,636,546	2,510,840	2,489,694	2,462,292	2,403,252	2,260,931
Net investment income (loss)	(21,093,403)	39,938,442	4,833,885	7,795,358	9,065,907	6,661,993	(4,332,169)	(4,932,969)	16,488,707
Benefit payments	(15,073,924)	(14,477,201)	(13,570,261)	(13,132,769)	(12,170,889)	(11,786,964)	(10,863,578)	(13,185,825)	(9,846,376)
Refunds of member contributions	(1,070,883)	(1,183,058)	(922,512)	(1,172,865)	(1,117,113)	(1,008,206)	(1,023,784)	(1,113,933)	(864,399)
Administrative expenses	(627,766)	(627,038)	(454,298)	(687,603)	(575,600)	(1,054,332)	(465,057)	(551,946)	(354,166)
Other	(491,552)	(45,254)	(236,704)	(181,188)	(301,679)	268,893	(2,325,973)	104,328	(944,055)
Net change in plan fiduciary net position	<u>(19,141,919)</u>	<u>41,758,300</u>	<u>7,102,993</u>	<u>9,586,302</u>	<u>10,816,844</u>	<u>7,266,372</u>	<u>(6,067,409)</u>	<u>(7,390,401)</u>	<u>15,915,333</u>
Total fiduciary net position - beginning	<u>219,732,397</u>	<u>177,974,097</u>	<u>170,871,104</u>	<u>161,284,802</u>	<u>150,467,958</u>	<u>143,201,586</u>	<u>149,268,995</u>	<u>156,659,396</u>	<u>140,744,063</u>
Total fiduciary net position - ending (b)	<u>\$ 200,590,478</u>	<u>\$ 219,732,397</u>	<u>\$ 177,974,097</u>	<u>\$ 170,871,104</u>	<u>\$ 161,284,802</u>	<u>\$ 150,467,958</u>	<u>\$ 143,201,586</u>	<u>\$ 149,268,995</u>	<u>\$ 156,659,396</u>
Net pension liability - ending (a) - (b)	<u>\$ 87,798,349</u>	<u>\$ 57,930,858</u>	<u>\$ 90,622,621</u>	<u>\$ 87,481,335</u>	<u>\$ 84,583,179</u>	<u>\$ 86,523,279</u>	<u>\$ 82,890,844</u>	<u>\$ 67,964,712</u>	<u>\$ 46,949,637</u>
Plan fiduciary net position as a percentage of the total pension liability	69.56%	79.14%	66.26%	66.14%	65.60%	63.49%	63.34%	68.71%	76.94%
Covered payroll	\$ 80,581,032	\$ 77,353,871	\$ 78,386,529	\$ 76,426,007	\$ 74,543,472	\$ 74,430,436	\$ 73,470,337	\$ 69,367,968	\$ 68,010,789
Net pension liability as a percentage of covered payroll	108.96%	74.89%	115.61%	114.47%	113.47%	116.25%	112.82%	97.98%	69.03%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Municipal Employees' Retirement System of Louisiana
Schedules of Employers' Net Pension Liability – Plan A
***For the Nine Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 1,292,471,340	\$ 1,253,886,002	\$ 1,218,616,969	\$ 1,182,925,835	\$ 1,148,293,981	\$ 1,115,400,101	\$ 1,081,747,268	\$ 1,056,200,030	\$ 986,717,002
Plan fiduciary net position	877,147,955	975,735,673	786,276,078	765,059,686	734,226,194	697,057,938	671,876,210	698,984,365	730,072,543
Net pension liability	<u>\$ 415,323,385</u>	<u>\$ 278,150,329</u>	<u>\$ 432,340,891</u>	<u>\$ 417,866,149</u>	<u>\$ 414,067,787</u>	<u>\$ 418,342,163</u>	<u>\$ 409,871,058</u>	<u>\$ 357,215,665</u>	<u>\$ 256,644,459</u>
Plan fiduciary net percentage as a percentage of the total pension liability	67.87%	77.82%	64.52%	64.68%	63.94%	62.49%	62.11%	66.18%	73.99%
Covered payroll	\$ 201,661,444	\$ 200,443,180	\$ 193,109,488	\$ 188,254,188	\$ 183,378,800	\$ 182,332,440	\$ 180,948,253	\$ 172,466,167	\$ 168,007,531
Net pension liability as a percentage of covered payroll	205.95%	138.77%	223.88%	221.97%	225.80%	229.44%	226.51%	207.12%	152.76%

Schedules of Contributions
Employer and Non-Employer Contributing Entities – Plan A
***For the Nine Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution (determined as of the prior fiscal year)	\$ 66,398,505	\$ 66,065,032	\$ 60,162,239	\$ 55,239,349	\$ 51,683,094	\$ 48,556,690	\$ 41,221,565	\$ 41,843,813	\$ 37,302,561
Contributions in relation to the actuarially determined contribution	66,611,568	66,592,701	60,371,911	55,363,189	51,624,002	47,635,709	41,796,502	39,999,677	37,242,927
Contribution deficiency (excess)	<u>\$ (213,063)</u>	<u>\$ (527,669)</u>	<u>\$ (209,672)</u>	<u>\$ (123,840)</u>	<u>\$ 59,092</u>	<u>\$ 920,981</u>	<u>\$ (574,937)</u>	<u>\$ 1,844,136</u>	<u>\$ 59,634</u>
Covered payroll	\$ 201,661,444	\$ 200,443,180	\$ 193,109,488	\$ 188,254,188	\$ 183,378,800	\$ 182,332,440	\$ 180,948,253	\$ 172,466,167	\$ 168,007,531
Contributions as a percentage of covered payroll	33.03%	33.22%	31.26%	29.41%	28.15%	26.13%	23.10%	23.19%	22.17%

Schedules of Investment Returns – Plan A
***For the Nine Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-11.60%	25.50%	1.30%	2.00%	4.00%	3.50%	-3.10%	-2.80%	13.00%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Includes contributions from employers and non-employer contributing entities as well as funds allocated to the Funding Deposit Account. Does not include funds withdrawn from the Funding Deposit Account.

See accompanying notes to required supplementary information.

**Municipal Employees' Retirement System of Louisiana
Schedules of Employers' Net Pension Liability – Plan B
*For the Nine Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 288,388,827	\$ 277,663,255	\$ 268,596,718	\$ 258,352,439	\$ 245,867,981	\$ 236,991,237	\$ 226,092,430	\$ 217,233,707	\$ 203,609,033
Plan fiduciary net position	<u>200,590,478</u>	<u>219,732,397</u>	<u>177,974,097</u>	<u>170,871,104</u>	<u>161,284,802</u>	<u>150,467,958</u>	<u>143,201,586</u>	<u>149,268,995</u>	<u>156,659,396</u>
Net pension liability	<u>\$ 87,798,349</u>	<u>\$ 57,930,858</u>	<u>\$ 90,622,621</u>	<u>\$ 87,481,335</u>	<u>\$ 84,583,179</u>	<u>\$ 86,523,279</u>	<u>\$ 82,890,844</u>	<u>\$ 67,964,712</u>	<u>\$ 46,949,637</u>
Plan fiduciary net percentage as a percentage of the total pension liability	69.56%	79.14%	66.26%	66.14%	65.60%	63.49%	63.34%	68.71%	76.94%
Covered payroll	\$ 80,581,032	\$ 77,353,871	\$ 78,386,529	\$ 76,426,007	\$ 74,543,472	\$ 74,430,436	\$ 73,470,337	\$ 69,367,968	\$ 68,010,789
Net pension liability as a percentage of covered payroll	108.96%	74.89%	115.61%	114.47%	113.47%	116.25%	112.82%	97.98%	69.03%

**Schedules of Contributions
Employer and Non-Employer Contributing Entities – Plan B
*For the Nine Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution (determined as of the prior fiscal year)	\$ 15,313,336	\$ 14,811,378	\$ 13,473,098	\$ 13,285,566	\$ 12,411,566	\$ 10,867,196	\$ 9,593,456	\$ 9,309,715	\$ 8,235,369
Contributions in relation to the actuarially determined contribution	<u>15,396,005</u>	<u>14,489,134</u>	<u>13,755,018</u>	<u>13,336,187</u>	<u>12,387,850</u>	<u>10,677,042</u>	<u>9,441,974</u>	<u>8,993,209</u>	<u>8,211,875</u>
Contribution deficiency (excess)	<u>\$ (82,669)</u>	<u>\$ 322,244</u>	<u>\$ (281,920)</u>	<u>\$ (50,621)</u>	<u>\$ 23,716</u>	<u>\$ 190,154</u>	<u>\$ 151,482</u>	<u>\$ 316,506</u>	<u>\$ 23,494</u>
Covered payroll	\$ 80,581,032	\$ 77,353,871	\$ 78,386,529	\$ 76,426,007	\$ 74,543,472	\$ 74,430,436	\$ 73,470,337	\$ 69,367,968	\$ 68,010,789
Contributions as a percentage of covered payroll	19.11%	18.73%	17.55%	17.45%	16.62%	14.34%	12.85%	12.96%	12.07%

**Schedules of Investment Returns – Plan B
*For the Nine Years Ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-10.80%	26.80%	7.80%	4.60%	7.70%	5.40%	-2.20%	-1.50%	13.00%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Includes contributions from employers and non-employer contributing entities as well as funds allocated to the Funding Deposit Account. Does not include funds withdrawn from the Funding Deposit Account.

See accompanying notes to required supplementary information.

Municipal Employees' Retirement System of Louisiana
Schedules of Changes in Total OPEB Liability and Related Ratios
***For the Four Years Ended June 30, 2022, 2021, 2020, and 2019**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability, beginning of year	\$ 396,948	\$ 362,286	\$ 468,488	\$ -
Adjustments to the OPEB liability:				
Service Cost	17,047	15,873	18,037	476,472
Interest	9,022	8,984	16,890	-
Effect of economic/demographic (gains) losses	(194,233)	7,950	(175,415)	-
Effect of assumptions changes or inputs	3,500	9,538	42,282	-
Benefit payments	(7,837)	(7,683)	(7,996)	(7,984)
Net change in total OPEB liability	<u>(172,501)</u>	<u>34,662</u>	<u>(106,202)</u>	<u>468,488</u>
 Total OPEB liability, ending	 <u>\$ 224,447</u>	 <u>\$ 396,948</u>	 <u>\$ 362,286</u>	 <u>\$ 468,488</u>
 Covered-employee payroll	 \$ 902,574	 \$ 836,254	 \$ 779,065	 \$ 734,483
 Total OPEB liability as a percentage of covered-employee payroll	 24.87%	 47.47%	 46.50%	 63.78%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

Municipal Employees' Retirement System of Louisiana
Notes to Required Supplementary Information
June 30, 2022

A. Schedules of Changes in Net Pension Liability

The total pension liability contained in this schedule was provided by the System's actuary, Curran Actuarial Consulting, Ltd. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

B. Schedules of Employers' Net Pension Liability

The schedules of employers' net pension liability show the percentage of the System's employers' net pension liability as a percentage of covered payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through the System. Covered payroll is the payroll on which contributions to the System are based.

C. Schedules of Contributions - Employer and Non-Employer Contributing Entities

The difference between the actuarially determined contributions for employer and the non-employer contributing entities and the contributions reported from employer and the non-employer contributing entities, and the percentage of contributions reported to cover employee payroll is presented in this schedule. Ad valorem taxes and state revenue sharing are support from non-employer contributing entities.

D. Schedules of Investment Returns

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured on daily inputs with expenses measured on an accrual basis.

E. Actuarial Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for the actuarial valuation were recommended by the actuary and adopted by the Board. Additional information on the assumptions and methods used as of the latest actuarial valuation are disclosed in Note 3 to the financial statements.

F. Changes in Actuarial Assumptions

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Valuation date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal
Expected remaining service lives	3 years	3 years
Investment rate of return	6.85%, net of pension plan investment expense, including inflation	6.85%, net of pension plan investment expense, including inflation

Municipal Employees' Retirement System of Louisiana
Notes to Required Supplementary Information
June 30, 2022

F. Changes in Actuarial Assumptions (Continued)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Inflation rate	2.50%	2.50%
Salary increases, including inflation and merit increases:		
-1 to 4 years of service	6.4%-Plan A and 7.4%-Plan B	6.4%-Plan A and 7.4%-Plan B
-More than 4 years of service	4.5%-Plan A and 4.9%-Plan B	4.5%-Plan A and 4.9%-Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using their respective male and female MP2018 scales.	PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Supplementary Information

Municipal Employees' Retirement System of Louisiana
Supplementary Information
Individual Funds' Statements of Fiduciary Net Position
June 30, 2022

	<u>Plan "A"</u>	<u>Plan "B"</u>	<u>Total</u>
Assets			
Cash	\$ 11,958,036	\$ 15,699,127	\$ 27,657,163
Receivables:			
Member/employer contributions	7,488,295	1,288,940	8,777,235
Interest and dividends	8,696	7,615	16,311
Receivables - investments	6,936,310	1,471,339	8,407,649
Other receivables	158,644	141	158,785
Due to (from) other funds	<u>5,610,942</u>	<u>(5,610,942)</u>	<u>-</u>
Total receivables	<u>20,202,887</u>	<u>(2,842,907)</u>	<u>17,359,980</u>
Investments, at fair value:			
Cash equivalents	2,165,931	7,626,769	9,792,700
Domestic equities	270,404,929	57,358,621	327,763,550
International equities	183,537,259	38,932,145	222,469,404
Fixed income investments	282,933,511	60,016,199	342,949,710
Real estate investments	75,540,241	16,023,687	91,563,928
Private debt and equity investments	4,088,218	870,602	4,958,820
Self-directed investments	<u>25,631,512</u>	<u>6,462,731</u>	<u>32,094,243</u>
Total investments	<u>844,301,601</u>	<u>187,290,754</u>	<u>1,031,592,355</u>
Property, plant, and equipment (net of depreciation)	<u>1,801,174</u>	<u>734,977</u>	<u>2,536,151</u>
Total assets	<u>878,263,698</u>	<u>200,881,951</u>	<u>1,079,145,649</u>
Liabilities			
Accounts payable	140,627	30,898	171,525
Benefits payable	11,119	24,103	35,222
Refunds payable	536,058	97,057	633,115
Investment payable	207,426	43,999	251,425
Other payables	61,111	30,371	91,482
Other post-employment benefits obligation	<u>159,402</u>	<u>65,045</u>	<u>224,447</u>
Total liabilities	<u>1,115,743</u>	<u>291,473</u>	<u>1,407,216</u>
Net Position Restricted for Pension Benefits	<u>\$ 877,147,955</u>	<u>\$ 200,590,478</u>	<u>\$ 1,077,738,433</u>

Municipal Employees' Retirement System of Louisiana
Supplementary Information
Individual Funds' Statements of Changes in Fiduciary Net Position
Year Ended June 30, 2022

	<u>Plan "A"</u>	<u>Plan "B"</u>	<u>Total</u>
Additions (Reductions)			
Contributions:			
Members'	\$ 18,397,014	\$ 3,819,604	\$ 22,216,618
Employers'	59,490,126	12,490,060	71,980,186
Ad valorem taxes and revenue sharing	<u>7,121,442</u>	<u>2,905,945</u>	<u>10,027,387</u>
 Total contributions	 <u>85,008,582</u>	 <u>19,215,609</u>	 <u>104,224,191</u>
Investment income:			
Interest and dividend income	2,691,706	675,703	3,367,409
Net appreciation (depreciation) in fair value of investments	<u>(99,633,808)</u>	<u>(21,358,855)</u>	<u>(120,992,663)</u>
	(96,942,102)	(20,683,152)	(117,625,254)
Less investment expenses	<u>(1,917,791)</u>	<u>(410,251)</u>	<u>(2,328,042)</u>
 Net investment income (loss)	 <u>(98,859,893)</u>	 <u>(21,093,403)</u>	 <u>(119,953,296)</u>
Other Additions			
Assets transferred from other retirement systems	<u>3,353,116</u>	<u>132,937</u>	<u>3,486,053</u>
 Net additions (reductions)	 <u>(10,498,195)</u>	 <u>(1,744,857)</u>	 <u>(12,243,052)</u>
Deductions			
Benefits	73,592,300	14,064,433	87,656,733
DROP withdrawals	4,981,778	1,009,491	5,991,269
Refund of contributions	5,591,630	1,070,883	6,662,513
Administrative expenses	1,660,940	677,757	2,338,697
Other post-employment (benefit) expense	(122,510)	(49,991)	(172,501)
Assets transferred to other retirement systems	<u>2,385,385</u>	<u>624,489</u>	<u>3,009,874</u>
 Total deductions	 <u>88,089,523</u>	 <u>17,397,062</u>	 <u>105,486,585</u>
 Net Increase (Decrease) in Net Position	 <u>(98,587,718)</u>	 <u>(19,141,919)</u>	 <u>(117,729,637)</u>
Net Position Restricted for Pension Benefits			
Beginning of year	<u>975,735,673</u>	<u>219,732,397</u>	<u>1,195,468,070</u>
 End of year	 <u>\$ 877,147,955</u>	 <u>\$ 200,590,478</u>	 <u>\$ 1,077,738,433</u>

**Municipal Employees' Retirement System of Louisiana
 Supplementary Information
 Schedules of Per Diem Paid to Board Members
 Years Ended June 30, 2022 and 2021**

The per diem paid to the trustees is an administrative expense. For fiscal years ended June 30, 2022 and 2021, the trustees received per diem at the rate of \$75.00 for each day of a regularly scheduled meeting of the Board of Trustees that they attended. Per diem paid to the trustees for the years ended June 30, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Barney Arceneaux	\$ 525	\$ 375
Donald Clause	750	675
Paid to Bossier City on behalf of Phyllis McGraw	675	450
Phyllis McGraw	-	375
Susan Percle	900	1,125
Mark Piazza	525	600
Michael Sands	-	75
Donald Villere	<u>750</u>	<u>900</u>
 Total per diem	 <u>\$ 4,125</u>	 <u>\$ 4,575</u>

Municipal Employees' Retirement System of Louisiana
Supplementary Information
Schedules of Administrative Expenses
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Salaries and payroll taxes	\$ 915,011	\$ 848,836
Professional fees	284,354	295,418
Retirement	234,928	228,727
Depreciation	325,613	260,775
Insurance	120,297	80,431
Hospitalization	48,637	56,410
Office supplies	40,194	27,570
Utilities	26,310	26,555
Travel	16,383	11,826
Equipment and maintenance	232,221	224,228
Building and grounds maintenance	40,328	44,810
Postage	34,044	16,399
Board member per diem	4,125	4,575
Education	8,982	5,149
Printing	7,270	1,958
Miscellaneous	-	22,254
	<hr/>	<hr/>
Total administrative expenses	<u>\$ 2,338,697</u>	<u>\$ 2,155,921</u>

**Municipal Employees' Retirement System of Louisiana
 Supplementary Information
 Schedule of Compensation, Benefits and Other
 Payments to Agency Head or Chief Executive Officer
 Year Ended June 30, 2022**

Agency Head Name: Maris LeBlanc, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 165,000
Benefits - accrued leave	-
Benefits - insurance	433
Benefits - retirement	48,675
Car allowance	-
Vehicle provided by agency	-
Per diem	-
Reimbursements	321
Travel	40
Registration fees	1,325
Conference travel	-
Continuing professional education fees	3,995
Housing	-
Unvouchered expenses	-
Special meals	-



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Ms. Maris LeBlanc, Executive Director,
and the Board of Trustees of
Municipal Employees' Retirement System of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Municipal Employees' Retirement System of Louisiana as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Municipal Employees' Retirement System of Louisiana's basic financial statements, and have issued our report thereon dated December 12, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipal Employees' Retirement System of Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipal Employees' Retirement System of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipal Employees' Retirement System of Louisiana's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipal Employees' Retirement System of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipal Employees' Retirement System of Louisiana's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipal Employees' Retirement System of Louisiana's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawthorn, Waymouth & Carroll, LLP.

December 12, 2022

Municipal Employees' Retirement System of Louisiana
Schedule of Findings and Responses
Year Ended June 30, 2022

Part I - Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Municipal Employees' Retirement System of Louisiana as of and for the year ended June 30, 2022, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II - Financial Statement Findings

No findings were noted.

**Municipal Employees' Retirement System of Louisiana
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2022**

Part I – Financial Statement Findings

No findings were noted.

Part II – Management Letter

A management letter was not issued for the year ended June 30, 2021.

Municipal Employees' Retirement System of Louisiana

Statewide Agreed-Upon Procedures Report

June 30, 2022



**Independent Accountant's Report
on Applying Agreed-upon Procedures**

To the Board of Trustees of Municipal Employees' Retirement System of Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2021 through June 30, 2022. Municipal Employees' Retirement System of Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Municipal Employees' Retirement System of Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 01, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtained and inspected the entity's written policies and procedures and observed whether they addressed each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions were found as a result of this procedure.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions were found as a result of this procedure.

c) ***Disbursements***, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

No exceptions were found as a result of this procedure.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions were found as a result of this procedure.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions were found as a result of this procedure.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

No exceptions were found as a result of this procedure.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions were found as a result of this procedure.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions were found as a result of this procedure.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The entity does not have any debt; therefore, debt service policies and procedures are not applicable.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The entity's written policies and procedures for Information Technology Disaster Recovery/Business Continuity do not specifically address (3) periodic testing/verification that backups can be restored.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were found as a result of this procedure.

Board or Finance Committee

2. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were found as a result of this procedure.

- b) For those entities reporting on the governmental accounting model, observed whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

No exceptions were found as a result of this procedure.

- c) For governmental entities, obtained the prior year audit report and observed the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

The entity did not have a negative ending unassigned fund balance in the prior year audit report; therefore, this procedure was not applicable.

Bank Reconciliations

3. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected four additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

- a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date.

No exceptions were found as a result of this procedure.

- b) Bank reconciliations included evidence that a member of management/board member who did not handle cash, post ledgers, or issue checks had reviewed each bank reconciliation; and

The three bank reconciliations tested were reviewed by a member of management who posts ledgers and issues checks.

- c) Management had documentation reflecting it had researched reconciling items that had been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were found as a result of this procedure.

Collections (excluding electronic funds transfers)

4. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) were prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).

No exceptions were found as a result of this procedure.

5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties were properly segregated at each collection location such that:

- a) Employees responsible for cash collections did not share cash drawers/registers.

No exceptions were found as a result of this procedure.

- b) Each employee responsible for collecting cash was not responsible for preparing/making bank deposits, unless another employee/official was responsible for reconciling collection documentation to the deposit.

No exceptions were found as a result of this procedure.

- c) Each employee responsible for collecting cash was not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official was responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were found as a result of this procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, were not responsible for collecting cash, unless another employee/official verified the reconciliation.

No exceptions were found as a result of this procedure.

6. Obtained from management a copy of the bond or insurance policy for theft covering all employees who had access to cash. Observed the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions were found as a result of this procedure.

7. Randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtained supporting documentation for each of the deposits, and:

- a) Observed that receipts were sequentially pre-numbered.

No exceptions were found as a result of this procedure.

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

- c) Traced the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- d) Observed the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions were found as a result of this procedure.

- e) Traced the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).

No exceptions were found as a result of this procedure.

- 9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties and observed that job duties were properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions were found as a result of this procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

For ACH payments, there is only evidence of one person processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions were found as a result of this procedure.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who was not responsible for processing payments.

No exceptions were found as a result of this procedure.

- 10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population was complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and:

- a) Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicated deliverables included on the invoice were received by the entity.

No exceptions were found as a result of this procedure.

- b) Observed whether the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

For ACH payments, there is only evidence of one person processing and approving payments to vendors.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

No exceptions were found as a result of this procedure.

- 12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card, obtained supporting documentation, and:

- a) Observed whether there was evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing (or electronically approved), by someone other than the authorized cardholder.

No exceptions were found as a result of this procedure.

- b) Observed that finance charges and late fees were not assessed on the selected statements.

No exceptions were found as a result of this procedure.

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, observed it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions were found as a result of this procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 14. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger was complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions were found as a result of this procedure.

- b) If reimbursed using actual costs, observed the reimbursement is supported by an original itemized receipt that identified precisely what was purchased.

No exceptions were found as a result of this procedure.

- c) Observed each reimbursement is supported by documentation of the business/public purpose and other documentation required by written policy (procedure #1h).

No exceptions were found as a result of this procedure.

- d) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of this procedure.

Contracts

- 15. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observed whether the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

No exceptions were found as a result of this procedure.

- b) Observed whether the contract was approved by the governing body/board, if required by policy or law.

No exceptions were found as a result of this procedure.

- c) If the contract was amended, observed the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

No exceptions were found as a result of this procedure.

- d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

Payroll and Personnel

- 16. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions were found as a result of this procedure.

- 17. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:

- a) Observed all selected employees or officials documented their daily attendance and leave.

No exceptions were found as a result of this procedure.

- b) Observed whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were found as a result of this procedure.

- c) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions were found as a result of this procedure.

- d) Observed the rate paid to the employees or officials agreed to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

- 18. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the listing is complete. Randomly selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee or officials' cumulative leave records, agreed the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agreed the termination payment to entity policy.

No exceptions were found as a result of this procedure.

- 19. Obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of this procedure.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtained ethics documentation from management, and:

- a) Observed whether the documentation demonstrated each employee/official completed one hour of ethics training during the fiscal period.

No exceptions were found as a result of this procedure.

- b) Observed whether the entity maintained documentation which demonstrated each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

There were no changes to the entity's ethics policy during the fiscal period; therefore, this procedure was not applicable.

Debt Service

These procedures are not applicable to the entity.

- 21. Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued.

22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Fraud Notice

23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No misappropriations during the fiscal period. No exceptions were found as a result of this procedure.

24. Observed the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Performed the following procedures:

- a) Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium, observed evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers had current and active antivirus software and that the operating system and accounting system software in use were currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtained sexual harassment training documentation from management, and observed the documentation demonstrated each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were found as a result of this procedure.

27. Observed the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

No exceptions were found as a result of this procedure.

28. Obtained the entity’s annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed it included the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.

We were engaged by Municipal Employees' Retirement System of Louisiana to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Municipal Employees' Retirement System of Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Hawthorn, Waymouth & Carroll, L.L.P.

November 15, 2022



MUNICIPAL EMPLOYEES'

RETIREMENT SYSTEM
OF LOUISIANA

October 19, 2022

Michael J. Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70802

Dear Mr. Waguespack,

In connection with our engagement of Hawthorn, Waymouth & Carroll, L.L.P. to apply agreed-upon procedures to certain control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), Municipal Employees' Retirement System of Louisiana (MERS) has prepared a corrective action plan for each of the exceptions noted in the SAUPs Report.

The associated exceptions and corrective action plan are as follows:

1. *The entity's written policies and procedures for Information Technology Disaster Recovery/Business Continuity do not specifically address (3) periodic testing/verification that backups can be restored.*

MERS has included its Disaster Recovery and Business Continuity Plan that periodic testing/verification will be performed to ensure that backups can be restored.

2. *The three bank reconciliations tested were reviewed by a member of management who posts ledgers and issues checks.*

MERS has implemented a process that requires a member of management who does not post ledgers and issues checks to review bank reconciliations monthly.

3. *For ACH payments, there is only evidence of one person processing and approving payments to vendors.*

MERS has implemented a process that requires a second person to review, initial, and date each ACH payment for non-payroll disbursements.

MERS' intention is to comply and implement best practices as is deemed reasonable and realistic for our retirement system. Please contact me if you have any questions or concerns.

Sincerely,

Maris-E. LeBlanc
Executive Director